

HB 767 INTRODUCED BY FRITZ  
ALLOW USE OF ALTERNATIVE FINANCING ARRANGEMENTS TO  
ACQUIRE STATE BUILDINGS

2/14	INTRODUCED		
2/14	REFERRED TO STATE ADMINISTRATION		
2/20	HEARING		
2/21	COMMITTEE REPORT--BILL PASSED AS AMENDED		
2/23	2ND READING PASSED	92	5
2/24	3RD READING PASSED	89	9
	TRANSMITTED TO SENATE		
3/02	REFERRED TO STATE ADMINISTRATION		
3/09	HEARING		
3/11	ADVERSE COMMITTEE REPORT ADOPTED	48	1
3/13	RETURNED TO HOUSE NOT CONCURRED		

1 *House* BILL NO. *767*  
2 INTRODUCED BY *Fisher*  
3

4 A BILL FOR AN ACT ENTITLED: "AN ACT PERMITTING THE DIRECTOR  
5 OF ADMINISTRATION AND AFFECTED STATE AGENCIES TO ENTER INTO  
6 AGREEMENTS PROVIDING CERTAIN FINANCING ARRANGEMENTS FOR THE  
7 ACQUISITION, RENOVATION, AND CONSTRUCTION OF STATE  
8 BUILDINGS; PERMITTING THE DIRECTOR TO ADOPT RULES CONCERNING  
9 ACQUISITION, RENOVATION, AND CONSTRUCTION OF STATE BUILDINGS  
10 USING THESE FINANCING ARRANGEMENTS; AND REPEALING TITLE 18,  
11 CHAPTER 3, PART 1, MCA."

12  
13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14 Section 1. Alternative methods of facility  
15 acquisition, renovation, and construction. (1) Except as  
16 provided in subsection (2), the director of administration  
17 and an affected state agency may enter into a lease  
18 purchase, sale leaseback, or tax-exempt leveraged lease  
19 agreement or an agreement containing any other financing  
20 arrangement for the acquisition, renovation, or construction  
21 of a state building when it is in the best interests of the  
22 state to enter into such agreement.

23 (2) If the proposed financing arrangement would  
24 require the creation of a state debt, the director of  
25 administration shall submit the facility acquisition,

1 renovation, or construction proposal to the legislature for  
2 approval.

3 Section 2. Rules. The director of administration may  
4 adopt rules providing for the acquisition, renovation, and  
5 construction of state buildings using financing arrangements  
6 provided for in [section 1]. These rules may provide  
7 procedures for developing facility specifications and  
8 soliciting contract proposals and criteria for evaluating  
9 contract proposals.

10 Section 3. Repealer. Title 18, chapter 3, part 1, MCA,  
11 is repealed.

-End-



APPROVED BY COMMITTEE  
ON STATE ADMINISTRATION

STATEMENT OF INTENT

HOUSE BILL 767

House State Administration Committee

A statement of intent is required for this bill because section 2 grants the director of the department of administration authority to adopt rules for the acquisition, renovation, and energy modification of state buildings using financing arrangements provided for in section 1. These rules are intended to ensure the most economical, efficient, and cost-effective facilities for use by state agencies and the public and may not confer additional rights upon applicant lessors or vendors.

Rules adopted by the director may provide for the following:

(1) a register of and notice to prospective applicant lessors and vendors;

(2) a procedure for developing facility specifications that reflect the views of the agency that is to use the building;

(3) life cycle cost benefit analysis of building specifications and of responsive bids that is based on all significant projected costs of the building over its useful life, including but not limited to:

(a) operating costs;

(b) maintenance expense;  
(c) energy costs;  
(d) lease or other contract payments; and  
(e) residual or salvage value to the state at the end of the projected useful life of the facility.

(4) an evaluation process for responsive and competitive bids based on a grading system that fairly evaluates the proposals submitted by applicant lessors and vendors based on the operational requirements of the user agency as expressed in project specifications, contract performance, and cost criteria.



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7 ACQUISITION, RENOVATION, AND ~~CONSTRUCTION~~ ENERGY  
8 MODIFICATION OF STATE BUILDINGS; PERMITTING THE DIRECTOR TO  
9 ADOPT RULES CONCERNING ACQUISITION, RENOVATION, AND  
10 ~~CONSTRUCTION~~ ENERGY MODIFICATION OF STATE BUILDINGS USING  
11 THESE FINANCING ARRANGEMENTS; AND REPEALING TITLE 18,  
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14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

15 Section 1. Alternative methods of facility  
16 acquisition, renovation, and ~~construction~~ ENERGY  
17 MODIFICATION. (1) Except as provided in subsection (2), the  
18 director of administration and an affected state agency may  
19 enter into a lease purchase, sale leaseback, or tax-exempt  
20 leveraged lease agreement or an agreement containing any  
21 other financing arrangement for the acquisition, renovation,  
22 or ~~construction~~ ENERGY MODIFICATION of a state building when  
23 it is in the best interests of the state to enter into such  
24 agreement.

25 (2) If the proposed financing arrangement would

1 require the creation of a state debt, the director of  
2 administration shall submit the facility acquisition,  
3 renovation, or ~~construction~~ ENERGY MODIFICATION proposal to  
4 the legislature for approval.

5 (3) THIS SECTION PROHIBITS ACQUISITION THROUGH THE USE  
6 OF FINANCING ARRANGEMENTS PROVIDED FOR IN SUBSECTION (1) OF  
7 A BUILDING CONSTRUCTED SPECIFICALLY FOR SALE TO THE STATE.

8 Section 2. Rules. The director of administration may  
9 adopt rules providing for the acquisition, renovation, and  
10 ~~construction~~ ENERGY MODIFICATION of state buildings using  
11 financing arrangements provided for in [section 1]. These  
12 rules may provide procedures for developing facility  
13 specifications and soliciting contract proposals and  
14 criteria for evaluating contract proposals.

15 Section 3. Repealer. Title 18, chapter 3, part 1, MCA,  
16 is repealed.

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 2 section 2 grants the director of the department of  
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 5 financing arrangements provided for in section 1. These  
 6 rules are intended to ensure the most economical, efficient,  
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10 Rules adopted by the director may provide for the  
 11 following:

12 (1) a register of and notice to prospective applicant  
 13 lessors and vendors;

14 (2) a procedure for developing facility specifications  
 15 that reflect the views of the agency that is to use the  
 16 building;

17 (3) life cycle cost benefit analysis of building  
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 19 significant projected costs of the building over its useful  
 20 life, including but not limited to:

21 (a) operating costs;

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A BILL FOR AN ACT ENTITLED: "AN ACT PERMITTING THE DIRECTOR OF ADMINISTRATION AND AFFECTED STATE AGENCIES TO ENTER INTO AGREEMENTS PROVIDING CERTAIN FINANCING ARRANGEMENTS FOR THE ACQUISITION, RENOVATION, AND CONSTRUCTION ENERGY MODIFICATION OF STATE BUILDINGS; PERMITTING THE DIRECTOR TO ADOPT RULES CONCERNING ACQUISITION, RENOVATION, AND CONSTRUCTION ENERGY MODIFICATION OF STATE BUILDINGS USING THESE FINANCING ARRANGEMENTS; AND REPEALING TITLE 18, CHAPTER 3, PART 1, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Alternative methods of facility acquisition, renovation, and construction ENERGY MODIFICATION. (1) Except as provided in subsection (2), the director of administration and an affected state agency may enter into a lease purchase, sale leaseback, or tax-exempt leveraged lease agreement or an agreement containing any other financing arrangement for the acquisition, renovation, or construction ENERGY MODIFICATION of a state building when it is in the best interests of the state to enter into such agreement.

(2) If the proposed financing arrangement would

require the creation of a state debt, the director of administration shall submit the facility acquisition, renovation, or construction ENERGY MODIFICATION proposal to the legislature for approval.

(3) THIS SECTION PROHIBITS ACQUISITION THROUGH THE USE OF FINANCING ARRANGEMENTS PROVIDED FOR IN SUBSECTION (1) OF A BUILDING CONSTRUCTED SPECIFICALLY FOR SALE TO THE STATE.

Section 2. Rules. The director of administration may adopt rules providing for the acquisition, renovation, and construction ENERGY MODIFICATION of state buildings using financing arrangements provided for in [section 1]. These rules may provide procedures for developing facility specifications and soliciting contract proposals and criteria for evaluating contract proposals.

Section 3. Repealer. Title 18, chapter 3, part 1, MCA, is repealed.

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